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ASH GROVE CEMENT COMPANY



Inter-Office Memorandum

Date May 24, 1992

To Steve Sheridan

From Ken Rone

Copies to Jim Post

Subject Progress Report
Week Ending 5/22/92

George Wells

I am happy not to report any recordable accidents. An eye injury from the previous week was resolved without lost time. We welcomed one new team member into the Production Support department. His position is PM Specialist-Mechanical. Two selections were made for the final two Production Assistant positions. We are awaiting the results of their physicals.

Guy Cosway spent the week assisting at the Montana City Plant. Mike Ralls attended a seminar on setting up a vibration analysis program. FLS offered training in the care and feeding of the Hartman & Braun analyzer units.

The raw mill was run successfully using two rollers, and fired with the precalciner. After 32 hours of operation the supports for the temporary plows were found to be air cut and were repaired. Initial indications are that it can produce at least 2/3 of it's rated capacity (maybe 3/4). Fineness is 84% -200m. Disappointment over the integrity of the reclaimer prevails. Solving various operational and mechanical irregularities has taxed Fuller's onsite expertise to the limit. They have requested a specialist from Robins (the one that commissioned our machine quit the firm). Ralph pointed out an area of structural misdesign resulting in Fuller's discovery that the unit was misassembled. Unfortunately this was not before a structural failure crippled the drive components for 36 hrs. while a repair was made. Thus far the reclaimer has been wholly inadequate in suppling rock at a rate to keep the Loesche mill up and running. Thru it's intermittent operation, however, we have been able to accumulate about 6000 T of raw mix. When we tip 11000 T we will be out of room and will need to start the kiln.

We understand no further deliveries of LaFarge clinker are to be expected. The LaFarge clinker on hand will be ground into the same product as before. Immediately after burning the "break-in mix" we will switch to Type I and stay on it until further notice.

The 988 loader was delivered to Durkee and we received their 980. An FEL was rented for a couple of days while one of our intermediate units was out for repair.

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PROGRESS REPORT
SEATTLE TERMINAL

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The Group II FK Pump was overhauled, expending one of our three budgeted overhauls.

A bargeload of Superior Silica was sent to Tilbury Cement Ltd.

We have begun practicing for the Seaspan barge arrivals. We determined that the new Tadano crane could not fit on the barge access dock without further modification to the dock. After consulting with SMG, Ralph Jones will include the necessary additions in the present modification work which is preceding at this time.

At AGC expense, two representatives of ABB Raymond came up to answer questions we had about the coal mills.

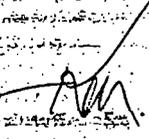
The Project Progress Mtg. was held. George and Bob Monroe also attended.

The Flag Sign project moved along after Baugh submitted to us the structural calculations for the preheater tower and Ralph was able to issue a letter to the City assuring the structural compatibility of the sign on the tower.

The Stoneway cement transfer project is getting under full swing. Ralph is overseeing Stoneway's management of this project. No activity to report on the Cyclonaire Project. We are beginning to gather quotations on the water wells planned for the raw mill and the finish mills. Some modifications are being planned for better cement barge access. The customer "Call Pole" will be relocated as requested by Sales.

Project activities are drawing to a close. Baugh is removing their equipment from the site. The G-cooler is not yet ready for acceptance, though they are running it continuously for check-out. Hydroseeding is planned, though it may not be advisable due to the ban on lawn watering. Fuller is contemplating problems with an underpowered conveyor belt and a rock/clay bin that has unexpectedly bowed its sides. Dozens of electrical glitches and check-outs are in the good hands of Mr. Heilskof. Fuller has 16 people on site including Tina Olsen for QCX commissioning. Baugh has about 12.

Tomorrow we expect the final bargeload of Holnam limerock (21,000 T total). Next week, Job One will be to resolve the immediate mechanical problems and get the plant started. We will also be attempting to close out some of the IRI loose ends, organize the physical asset list. We will bid a fond farewell to Mr. Veneucci as he completes his three month assignment. I will arrange a photographer at the request of Susan Richardson for plant scenes. I will meet with a caterer to discuss employee lunches and meet with video producer to discuss a plant video. We will pour a few miscellaneous (non-Baugh) concrete projects such as a glycol containment dike and sidewalks at the Shop/Whse. and the Office Bldg. We will continue to work on lockout policy and Mr. Johnson's case.



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